

incore

A black and white photograph of a city waterfront. In the background, a large, ornate church with a tall, pointed spire is visible. The foreground shows a river with several boats, including a larger boat docked at a pier and a smaller motorboat moving across the water. The sky is filled with dramatic, dark clouds. A semi-transparent red rectangular box is overlaid on the middle of the image, containing the text 'Annual Report 2021' in white.

# Annual Report 2021



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## Management Report

### Business review

In the 2021 financial year, the primary focus was on developing and expanding the main strategic business segments: full-outsourcing services, brokerage & global custody, digital assets, and payment services. Systematic expansion in these business areas, combined with positive market developments and the acquisition of numerous new customers, resulted in a 26.7% increase in AUC to CHF 10.5 billion and a 60% rise in sales. In the area of digital assets for B2B customers, InCore was able to establish itself as a major player in the Swiss market.

The marketing and sales activities bore fruit across the board. The customer base was expanded significantly, which helped to fuel the continuous growth of the company.

In the area of full outsourcing, the platform go-live of Kaleido Privatbank Ltd, Zurich, was completed on schedule on July 1, 2021 after a very intensive six-month implementation project. Due to the integration of this additional full-outsourcing bank, operating income and other income increased accordingly.

Sales and earnings in the traditional brokerage & custody and FX segments were up significantly. This increase was due to the substantial growth in asset holdings in global custody and in cash holdings, as well as positive market developments and the acquisition of various new customers. The result from commission business and services rose significantly (+30.4%) to CHF 20.89 million (previous year: CHF 16.02 million). As a result of various specific measures and, in particular, passing on negative interest rates, a profit of CHF 0.12 million was generated from interest operations (previous year: CHF -0.13 million). At CHF 2.72 million, the result from trading activities was up considerably (+49.7%) on the previous year (CHF 1.82 million).

Good progress was also made in the digital assets segment. Various banks are already using this B2B service in live operations, and numerous other new customers are currently in the project implementation phase. The range of services in this area was also gradually expanded in the reporting year. With the successful launch of its own 24/7 online trading platform, InCore reached a major milestone in the reporting year.

In 2021, the most customer growth came in the payment services segment, which has evolved into a key area for InCore. Due to the many new customers for this service, various processes had to be adapted and expanded. In particular, transaction monitoring and the customer onboarding process were further improved with new tools and approaches, in order that adherence to anti-money laundering regulations continues to be ensured.

Other ordinary income increased by 39.0% to CHF 1.87 million (previous year: CHF 1.33 million) due to the implementation project for the new full-outsourcing customer, as well as projects with existing customers. However, general and administrative expenses were higher due to additional external costs.

To cope with this substantial growth and any associated operational risks, all areas were analyzed in detail and systematically expanded. At the same time, new positions were created and various new employees were recruited. As the basis for these measures, a new organizational model was developed, taking into account the needs within the business segments as well as current and future growth. Two new departments – «Customer & Partner Management» and «Financials, Risk Control, Legal & Compliance» – were formed to facilitate the management and running of the company. In addition, the basic structure was changed



to a growth-based matrix structure. As part of this, new product managers were appointed for the individual business areas. They will also assume full responsibility for the processes in their departments. Due to the expansion of the business activities, personnel expenses increased by 10.9% to CHF 8.20 million (previous year: CHF 7.40 million). This growth also led to a corresponding increase in general and administrative expenses to CHF 11.49 million (previous year: CHF 9.51 million).

Net profit for the completed financial year 2021 came in at CHF 3.12 million (previous year: CHF 0.72 million), which corresponds to a significant increase of 333% on the previous year. This outstanding result, which can be attributed to the market cultivation efforts and the measures taken to improve operations, suggests that the company can look to the future with optimism.

### **Outlook**

In the coming financial year, InCore will continue systematically expanding its business areas to support its evolution into a full service B2B transaction bank. InCore wants to position itself as one of the leading banks in the market, especially in the digital assets segment.

Building on what has already been achieved, the main focus in 2022 will again be on stepping up the sales activities and pushing ahead with the successful implementation of the strategy, while at the same time making sure the company is well positioned to overcome the challenges associated with major growth.

Numerous new customers in all areas are currently being onboarded, and the customer acquisition pipeline is also well filled. InCore's solutions in the areas of digital assets and payment services in particular are attracting a great

deal of interest within the market. However, there are also numerous prospects in the areas of full-outsourcing services and brokerage & global custody. The customer base is expected to continue growing strongly as a result of expanding the sales activities.

There are also plans to further expand the range of digital asset services in 2022. In addition, improvement measures are planned in all areas with the aim of keeping customer satisfaction at a high level.

To cope with the expected growth, the organization will be restructured on the basis of the new organizational model. The Executive Board will be extended by an additional member, who will be responsible for the area of Financials, Risk Control, Legal & Compliance. To avoid capacity shortages and greater operational risks, the workforce will be rapidly expanded in key positions. Due to the expansion of the workforce, there are also plans to expand the office space in Schlieren / Zurich in 2022.

In light of this systematic expansion of InCore and the focus on further growth, we can expect the company to continue performing well in the coming financial year.

Peter Haist  
Chairman of the Board of Directors

Mark Dambacher  
CEO



# Organization

## Management Board

Name	Residence	Function	Comments
Peter Haist	Stetten	President	
Hans G. Syz-Witmer	Küsnacht	Vice President	
Prof. Dr. Dr. Christian Wunderlin	Zullwil	Member	
Sonja Stirnimann*	Risch	Member	
Amedeo C. Vaccani	Zollikon	Member	
Dr. Daniel Diemers*	Zug	Member	

## Audit Committee

Name	Residence	Function	Comments
Sonja Stirnimann*	Risch	Chair	
Prof. Dr. Dr. Christian Wunderlin	Zullwil	Member	

The Company would not be required to have an audit committee under the relevant provisions of FINMA Circular 2008/24 «Supervision and internal Control of Banks».

## Risk Committee

Name	Residence	Function	Comments
Prof. Dr. Dr. Christian Wunderlin	Zullwil	Chair	
Sonja Stirnimann*	Risch	Member	

\*Independent members of the Board of Directors within the meaning of the provisions of the Swiss Financial Market Supervisory Authority FINMA

## Internal audit

Thomas Schmidig, Baar

## Auditors

PricewaterhouseCoopers Ltd, Zurich

## Executive Board

Name	Function
Mark Dambacher	Chairman of the Executive Board
René Hertach	Vice Chairman of the Executive Board
Fabian Bieli	Member
Barbara Schreier Kraus	Member of the Extended Executive Board (until Feb. 15, 2022)





## Peter Haist

Chairman of the Board  
of Directors



## Hans G. Syz-Witmer

Vice Chairman of the Board  
of Directors

## Board of Directors

Peter Haist (born 1963) has served as InCore Bank Ltd's Chairman of the Board of Directors since January 2020. Prior to this, from 2017 to 2019, he was a member of the Executive Board and responsible for strategy and business development. Since 2006, he has been the CEO of the SOBACO Group, where he also held various other senior positions from 1995 onward, including Head of Marketing, Sales & Key Account Management. Prior to this, he managed the IT department of Bankers Trust Zurich for five years after working at JPMorgan Zurich as a project manager, analyst and programmer for five years.

Peter Haist is a trained banker and has a degree in business information systems. He also has a Master of Advanced Studies (MAS) ZFH in Business Consulting. He is currently a board member at SOBACO Holding Ltd and SOBACO Solutions Ltd and he serves as Chairman of the Supervisory Board of SOBACO Betax Ltd, Regensburg (Germany).

Hans G. Syz-Witmer (born 1957) has been InCore Bank Ltd's Vice Chairman since 2009 (Chairman from 2007 to 2009). He has also been Chairman of the Board of Directors of Maerki Baumann & Co. Ltd since 1998. Since 2016, he has served as Vice Chairman of the Board of Directors of Maerki Baumann Holding Ltd (Chairman from 2007 to 2016), which holds a significant stake in InCore Bank Ltd. He has been a member of the Board of Directors of CHSZ-Holding Ltd since 2003.

As an active entrepreneur, Hans G. Syz-Witmer also holds various seats on other boards of directors and foundation boards, including Aquila & Co. Ltd (member of the Board of Directors), Turnus Film Ltd (member of the Board of Directors), Schulthess Klinik (Vice Chairman of the Board of Trustees), Tonhalle-Gesellschaft Zurich (Vice Chairman and Treasurer), the Kongresshaus Foundation (Vice Chairman of the Board of Trustees), Genossenschaft zum Baugarten (Chairman of the Board of Trustees), Friedrich Steinfels Ltd (member of the Board of Directors), the Prof. Dr. Max Cloëtta Foundation (member of the Board of Trustees) and Arthouse Movie Commercio Ltd (member of the Board of Directors).



Christian Wunderlin (born 1968) is a Federally Certified Accounting and Controlling Expert. He has a Federal Diploma in Business Information Systems, an MBA from the University of Rochester, a DBA from the University of Bradford (Finance) and a PhD from the University of Bern (business information systems). Christian Wunderlin has more than 20 years of managerial experience in the IT industry. From 2007 to 2015, he was a full-time lecturer at the Institute of Financial Services Zug IFZ (Lucerne University of Applied Sciences and Arts), alongside which he also served on various boards of SMEs. Due to the current developments in the field of cybercrime, Christian Wunderlin has undergone further training to become a CISSP Certified Information Systems Security Professional, CCSP Certified Cloud Security Professional, CISM Certified Information Security Manager and IT Security Officer BSI.

He currently serves on the Board of Directors of Bank Cler, where he also holds the position of Chairman of the Risk Committee. He is a member of the Board of Directors of AMAG Leasing Ltd, Aveniq Ltd and Netcloud Ltd. Christian Wunderlin also serves on the boards of various medium-sized companies in the finance, IT and architecture/real estate sectors.

Sonja Stirnimann (born 1975) is a Certified Public Accountant and has an International Executive MBA in Financial Services & Insurance. She also has a business administration degree and is a Certified Fraud Examiner (CFE). She is the founder and owner of Structuul Ltd, which specializes in the prevention and investigation of financial and cyber crimes within the wider field of governance, risk & compliance. Before starting Structuul, she held various positions in the areas of auditing and consulting, corporate compliance, and financial controlling and reporting, including at Ernst & Young, UBS, Holcim, Deloitte and BDO.

Sonja Stirnimann is also Chairman of the Board of Directors of Structuul Ltd, member of the Board of Directors of Apiax Ltd, Chairman of the Audit Committee of Glarner Kantonalbank, Chairman of the Audit and Risk Committee of Blue Horizon Corporation Ltd and serves on the board of EXPERTSuisse Ltd.



**Prof. Dr. Dr.  
Christian  
Wunderlin**

Member of the Board  
of Directors  
Chairman of the  
Audit Committee  
Member of the  
Risk Committee



**Sonja Stirnimann**

Member of the Board  
of Directors  
Chair of the  
Risk Committee  
Member of the  
Audit Committee



### **Amedeo C. Vaccani**

Member of the Board  
of Directors

Amedeo C. Vaccani (born 1955) has a degree in mechanical engineering and an MBA from Harvard Business School. He is the founder and a managing partner of A. Vaccani & Partner Ltd, which has been providing management consulting and cross-border M&A services since 1992. He has also managed a Swiss private equity investment company since 1996. Prior to this, he worked for ABB Ltd. as Business Area Manager Resource Recovery, and at ABB W+E Umwelttechnik Ltd as its CEO.

Amedeo C. Vaccani currently holds the position of Chairman of the Board of Directors at SOBACO Holding Ltd, at SOBACO Solutions Ltd and at Rhincodon Corporation Ltd.



### **Dr. Daniel Diemers**

Member of the Board  
of Directors

Daniel Diemers (born 1972) studied economics and social sciences at the University of St. Gallen (HSG) and the Rotterdam School of Management (RSM), and he has completed a PhD on the subject of virtual knowledge communities. He is also the author of several books, studies and specialist articles. With more than 20 years' experience as a strategy consultant, he accompanies businesses on their journey into the digital future.

Daniel Diemers is co-founder and Chairman of the Board of Directors of SNGLR, a deep tech lab, consulting firm and venture capital fund focused on exponential technologies such as longevity, smart mobility/smart cities, artificial intelligence and blockchain/metaverse.

Furthermore, Daniel Diemers is a member of the Board of Directors of TAAL Distributed Information Technologies Inc. (CNSX:TAAL), FiCAS Ltd and Flov Technologies Ltd as well as on the Expert Council of the Swiss Blockchain Federation.

## Executive Board

Mark Dambacher (born 1968) has been the CEO of InCore Bank since March 2015. Before assuming this role, he held various management and specialist positions, including three years in charge of compliance & risk control, relationship management, and accounting. Before joining the newly founded InCore Bank Ltd as Head of Process Management in 2006, he spent many years at PricewaterhouseCoopers as a senior manager in the Global Risk Management Services division and at KPMG as a senior consultant in the Financial Services division.

Mark Dambacher is a trained banker and has an MSc in Business Engineering. He is also a Certified Information Systems Auditor. He does not currently serve on any boards.

René Hertach (born 1963) has served as Head of Operations and Deputy CEO since April 1, 2019. From 2007 until assuming his current role, he was Head of Information Technology (IT Operations and Development) at InCore Bank Ltd, which was created as a spin-off of Maerki Baumann in 2007. He had headed Maerki Baumann's IT department for more than 16 years, prior to which he spent seven years at Telekurs.

René Hertach is a Federally Certified Mechanic and a trained IT systems programmer. He is also a qualified mainframe system specialist and network architect. He does not currently serve on any boards.



**Mark Dambacher**

Chief Executive Officer (CEO)



**René Hertach**

Deputy CEO



## **Fabian Bieli**

Member of the Board  
of Directors

As Back Office Manager, Fabian Bieli (born 1974) is responsible for securities administration, securities settlement, and payment transactions/central register.

After obtaining a bachelor's degree in Business Administration, he successfully completed the MAS in Leadership and Management in 2012. He acquired his extensive knowledge while working in senior positions in various back office departments at a large Swiss private bank. He has been in charge of InCore Bank Ltd's back office operations since 2009. He does not currently serve on any boards.



## **Barbara Schreier Kraus**

Member of the Board  
of Directors  
(until 02/15/2022)

Barbara Schreier Kraus (born 1976) serves as Head of Compliance & Risk Control and is a member of the extended Executive Board. Prior to joining InCore Bank Ltd, she spent six years at SIX Group as Senior Legal & Compliance Officer and Deputy Head of Compliance. She also held the role of Legal Counsel at SIX Swiss Exchange from 2003 to 2008.

Barbara Schreier Kraus has a law degree from the University of Basel and a Diploma of Advanced Studies (DAS) in Compliance Management. She does not currently serve on any boards.







# Key Figures

## Key Figures

in 1 000 CHF	2021	2020
Profit	3 121	722
Result from commission business and services	20 840	16 021
Result from trading activities	2 722	1 818
Result from interest operations	120	-132
Operating expenses	-19 647	-16 905
Total balance sheet	332 108	236 138
Eligible capital	23 171	20 049
Required capital	10 000 <sup>2)</sup>	10 000 <sup>1)</sup>
Surplus capital	13 171	10 049 <sup>1)</sup>
Number of employees (full-time equivalents)	47.15	41.95

<sup>1)</sup> InCore Bank Ltd is no longer a participant in the small bank regime as of 2021. In order to ensure better comparability of the capital ratios in 2021, the previous year's values were recalculated.

<sup>2)</sup> Minimum own funds according to Banking Ordinance Art. 15.



# Disclosure



## Disclosure

Key metrics (KM1)	in 1 000 CHF	2021	2020 <sup>1)</sup>
<b>Eligible capital</b>			
1 Common Equity Tier 1 (CET1)		23 171	20 049
2 Tier 1 (T1)		23 171	20 049
<b>3 Total capital</b>		<b>23 171</b>	<b>20 049</b>
<b>Risk-weighted assets (RWA)</b>			
4 RWA		81 786	72 873 <sup>1)</sup>
<b>Minimum capital requirement</b>			
		<b>10 000<sup>2)</sup></b>	<b>10 000<sup>1)</sup></b>
<b>Risk-based capital ratios (% of RWA)</b>			
5 CET1 ratio (%)		28.33%	27.51% <sup>1)</sup>
6 Tier 1 ratio (%)		28.33%	27.51% <sup>1)</sup>
7 Total capital ratio (%)		28.33%	27.51% <sup>1)</sup>
<b>Additional CET1 buffer requirements (% of RWA)</b>			
8 Capital conservation buffer requirement according to Basel minimum requirements (2.5% from 2019) (%)		2.50%	2.50%
9 Countercyclical buffer requirement (Art. 44a ERV) according to Basel minimum requirements (%)		0.00%	0.00%
11 Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)		2.50%	2.50%
12 CET1 available after meeting the bank's minimum capital requirements (%)		20.33%	24.01% <sup>1)</sup>
<b>Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)</b>			
12a Capital conservation buffer according to CAO, Annex 8 (%)		2.50%	2.50%
12b Countercyclical capital buffer according to CAO, Art. 44 and 44a (%)		0.00%	0.00%
12c CET1 capital target (%) according to CAO, Annex 8 and countercyclical buffer according to CAO, Art. 44 and 44a		7.00%	7.00%
12d T1 capital target according to CAO, Annex 8 and countercyclical buffer according to CAO, Art. 44 and 44a		8.50%	8.50%
12e Total capital target according to CAO, Annex 8 and countercyclical buffer according to CAO, Art. 44 and 44a		10.50%	10.50%
<b>Basel III Leverage Ratio</b>			
13 Total Basel III leverage ratio exposure measure		359 879	142 203 <sup>1)</sup>
14 Basel III Leverage Ratio		6.44%	14.10% <sup>1)</sup>

<sup>1)</sup> InCore Bank Ltd is no longer a participant in the small bank regime as of 2021. In order to ensure better comparability of the capital ratios in 2021, the previous year's values were recalculated.

<sup>2)</sup> Minimum own funds according to Banking Ordinance Art. 15.

	Ø 4th quarter	Ø 3rd quarter	Ø 2nd quarter	Ø 1st quarter	Ø 4th quarter
in 1 000 CHF	2021	2021	2021	2021	2020
<b>Liquidity Coverage Ratio (LCR)</b>					
15 Numerator of LCR: Total high quality liquid assets	251 159	220 568	247 663	203 373	169 851
16 Denominator of LCR: Total net cash outflow	194 220	178 874	221 550	186 691	148 445
17 Liquidity Coverage Ratio, LCR (%)	129.32%	123.31%	111.79%	108.94%	114.42%
				2021	2020
<b>Net Stable Funding Ratio (NSFR)</b>					
18 Available stable funding				68 531	-
19 Required stable funding				25 886	-
20 Net Stable Funding Ratio, NSFR (%)				264.74%	-

	in 1 000 CHF	2021	2020 <sup>1)</sup>	2021
		RWA	RWA	Minimum capital requirements
Credit risk		45 786	39 290	3 663
Market risk		4 688	4 971	375
Operational risk		31 313	28 612	2 505
Amounts below the thresholds for deduction (subject to 250% risk weight)		-	-	-
<b>Total</b>		<b>81 786</b>	<b>72 873</b>	<b>6 543</b>

#### Approaches used to determine the minimum capital requirements

Credit risk: International standardised approach SA-BIZ

Market risk: De-minimis approach

Operational risk: Basic indicator approach

<sup>1)</sup> InCore Bank Ltd is no longer a participant in the small bank regime as of 2021. In order to ensure better comparability of the capital ratios in 2021, the previous year's values were recalculated. The NSFR ratio was not yet calculated in the previous year (small bank regime).

### Liquidity: Liquidity risk management (LIQA)

The willingness of payment is monitored and guaranteed in line with the regulatory requirements. The Board of Directors defines the risk tolerance by setting specific limits for liquidity, refinancing and diversification. Potential negative effects on liquidity are identified immediately through the quarterly assessed early warning indicators. Decreases of clients assets are periodically analysed and compared with historical stress events and regulatory outflow rates. In addition to short-term bank investments, we hold repo-eligible bonds in the financial investments as liquidity reserves. The refinancing of the loans is mainly done through broadly diversified customer deposits.

### Credit risk: Credit quality of assets (CR1)

	in 1 000 CHF	Gross book values of		Allowances / impairments	Net values
		defaulted exposures	non-defaulted exposures		
1 Loans (excl. debt securities)	-	-	73 208	-	73 208
2 Debt securities	-	-	2 951	-	2 951
3 Off-balance sheet exposures	-	-	4	-	4
<b>4 Total</b>	-	-	<b>76 163</b>	-	<b>76 163</b>

The definition of defaulted positions corresponds to those of impaired loans, i.e. for these claims it is unlikely that the debtor will be able to meet its future obligations. Impaired loans, as well as any collateral, are to be valued at liquidation value and value adjusted taking into account the creditworthiness of the debtor.

**Credit risk: Credit risk migration techniques - Overview (CR3)**

	Exposures unsecured / book value	Exposures secured by collateral: secured amount	Exposures secured by financial guarantees or credit derivatives: secured amount
	in 1 000 CHF		
Loans (incl. debt securities)	76 160	-	-
Off-balance sheet exposures	4	-	-
<b>Total</b>	<b>76 164</b>	<b>-</b>	<b>-</b>
of which defaulted	-	-	-

The Bank does not apply any risk mitigation techniques within the meaning of the capital adequacy regulations.

**Operational risk: General information (ORA)**

Operational risks are explained in the annual report 2021 at the following points:

Management report, section operational risks: page 4-5

Notes on risk management, section operational risks: page 36

For the calculation of the minimum capital requirements the basic indicator approach is applied.



## **Interest rate risk: Objectives and policies concerning the risk management of the interest rate risk in the banking book (IRRBB)**

### **a) Description of how the bank defines IRRBB for purposes of risk control and measurement.**

Interest rate risk is the risk to a bank's equity and income arising from interest rate movements. Changes in interest rates affect the economic value of a bank's assets, liabilities and off-balance sheet items (present value perspective). They also affect the income from interest operations (income perspective). Of the three forms of interest rate risk, the bank primarily considers the interest rate reset risk and secondarily the option risk in the case of variable-interest deposits without a fixed term. The basis risk is negligible.

### **b) Description of the bank's overall IRRBB management and mitigation strategies. Examples: Monitoring EVE and NII in terms of established limits, hedging practices, stress testing, outcomes analysis, the role of independent auditing (if not specifically described elsewhere for risks), the role and practices of the ALCO, the bank's practices to ensure appropriate model validation, and timely updates in response to changing market conditions.**

The management of interest rate risks is an important element within the risk management process. On the basis of the guidelines defined in the framework concept by the Board of Directors and taking into account the size of the bank as well as the type, scope, complexity and risk content of the business activities (proportionality principle), the interest rate risk should be kept within the defined risk tolerance.

### **c) The periodicity of the calculation of the bank's IRRBB measures and a description of the specific metrics that the bank uses to gauge its sensitivity to IRRBB.**

The Bank calculates the interest rate risk quarterly on the basis of regulatory requirements. The measures shown in the disclosure are identical to the internal measures.

### **d) A description of the interest rate shock and stress scenarios that the bank uses to estimate changes to economic value and earnings.**

Standard market software is used to create the interest rate risk report. The internal interest rate risk measurement system takes into account the six standard interest rate shock scenarios defined in FINMA's circular «Interest rate risks» as well as any additional interest rate shock scenarios specified by FINMA.

### **e) If modeling assumptions used in the bank's internal measurement system for interest rate risk (i.e. the EVE metric generated by the bank for purposes other than disclosure, such as for assessment of risk-bearing capacity) differ considerably from the modeling assumptions prescribed in Table IRRBB1 for the disclosure (see description under Table IRRBB1), the bank must provide a description of those assumptions and of their directional implications and explain its rationale for making those assumptions (e.g. historical data, published research, management judgment and analysis).**

The published results correspond to the values used for internal interest rate risk management. EVE takes into account cash flows from interest-sensitive assets, liabilities (including all free deposits) and off-balance-sheet items in the banking book and trading book. Hidden reserves are also taken into account, regardless of whether they are counted as T2 capital, but not core capital (T1 capital).

**f) A general description of how the bank hedges its IRRBB, as well as the associated accounting measures.**

In accounting, the balance sheet values are shown at their nominal value.

All derivative financial instruments are measured at fair value. The valuation result of hedging instruments is recorded in the adjustment account. The positive and negative replacement values from derivative financial instruments are shown in the corresponding balance sheet items.

**g) Description of key modeling and parametric assumptions used in calculating  $\Delta$ EVE and  $\Delta$ NI in Table IRRBB1 and in relation to the positions and currencies in Table IRRBBA1 according to the following breakdown:**

In addition to the main currency, the Swiss franc, balance sheet transactions are conducted in foreign currencies. The following foreign currencies exceed 10% of the liabilities: EUR, USD.

g1) - g3)	Change in economic value of equity ( $\Delta$ EVE)	<p>Determination of cash flows: Consideration of interest margins and other components</p> <hr/> <p>Mapping procedure: Description of the cash flow mapping procedures used</p> <hr/> <p>Discount rates: Description of (product-specific) discount rates or interpolation assumptions</p>	<p>Cash flows (capital and interest payments) whose effective or replicated interest rate reset data lie within the respective maturity band limits are reflected in the corresponding maturity band.</p> <hr/> <p>Cash flows are rolled out on the basis of external conditions (customer rate) and discounted using a LIBOR/SWAP curve.</p>
g4)	Changes in net interest income ( $\Delta$ NI)	Description of the process and key assumptions of the model used to determine the change in net interest income	Own forecast
g5)	Variable positions	Description of the procedure including central assumptions and parameters for determining the interest rate reset date and cash flows of variable items	Replication models are used to determine the new interest rates and cash flows for positions in category II. The assumptions are regularly reviewed and adapted where necessary.
g6)	Positions with repayment options	Description of the assumptions and procedures used to account for behavioural early redemption options	<p>Cash flows (capital and interest payments) whose effective or replicated interest rate reset data lie within the respective maturity band limits are reflected in the corresponding maturity band.</p>
g7)	Time deposits	Description of the assumptions and procedures used to account for behaviour dependent early deductions	maturity band.
g8)	Automatic interest rate options	Description of the assumptions and procedures for taking into account automatic, behavior-independent interest rate options	

g9) Derivative positions	Description of purpose, assumptions and procedures of linear and non-linear interest rate derivatives	The change in the market value of non-linear derivatives is considered in the calculation of the internal interest rate risk indicator.
g10) Other assumptions	Description of other assumptions and procedures affecting the calculation of values in tables IRRBBA1 and IRRBB1, such as currency aggregation and correlation assumptions of interest rates	The cash flows take into account the nominal value (capital) and interest payments. Interest payments include the base rate and all margin components. Because the bank does not have a profit split system, the margin cash flow is not determined separately.







**Interest rate risk: quantitative information to present value and interest income (IRBB1)**

Period	in 1 000 CHF	ΔEVE		ΔNII	
		(Change of present value)		(Change of earnings value)	
		31.12.2021	Previous year	31.12.2021	Previous year
Parallel shock up		643	89	-4 321	-2 291
Parallel shock down		-632	-82	4 225	2 241
Steeper shock		-558	-169		
Flattener shock		668	188		
Short rates shock up		812	205		
Short rates shock down		-818	-204		
Maximum		-818	-204	-4 321	-2 291
Period		31.12.2021		Previous year	
Tier 1		23 171		20 049	





The image features several stacks of silver coins, likely Euro cents, arranged in a way that creates a sense of depth. The foreground stacks are in sharp focus, showing the texture of the coins and their embossed details. The background stacks are blurred, creating a bokeh effect. A dark red horizontal bar is positioned across the middle of the image, containing white text. The overall composition is clean and professional, emphasizing financial themes.

**Balance sheet**  
**Income statement**



## Balance sheet

in 1 000 CHF	31.12.2021	21.12.2020	Changes
<b>Assets</b>			
Liquid assets	238 605	142 461	96 144
Amounts due from banks	70 234	71 262	-1 028
Amounts due from customers	2 975	4 730	-1 755
Positive replacement values of derivative financial instruments	12 449	8 310	4 139
Financial investments	3 115	3 238	-123
Accrued income and prepaid expenses	2 406	2 615	-209
Participations	14	14	-
Tangible fixed assets	2 037	3 361	-1 324
Other assets	273	147	126
<b>Total assets</b>	<b>332 108</b>	<b>236 138</b>	<b>95 970</b>
<b>Liabilities</b>			
Amounts due to banks	166 068	168 567	-2 499
Amounts due in respect of customer deposits	126 918	37 263	89 655
Negative replacement values of derivative financial instruments	12 540	7 828	4 712
Accrued expenses and deferred income	2 454	1 986	468
Other liabilities	745	444	301
Provisions	213	-	213
Bank's capital	12 000	12 000	-
Statutory capital reserve	4 549	4 549	-
of which tax-exempt capital contribution reserve	4 549	4 549	-
Statutory retained earnings reserve	1 564	1 564	-
Profit carried forward	1 936	1 215	721
Profit	3 121	722	2 399
<b>Total liabilities</b>	<b>332 108</b>	<b>236 138</b>	<b>95 970</b>
<b>Off-balance-sheet transactions</b>			
Contingent liabilities	-	-	-
Irrevocable commitments	4	2	2

## Income statement

in 1 000 CHF	2021	2020	Changes
<b>Income and expenses from ordinary banking business</b>			
<b>Result from interest operations</b>			
Interest and discount income	-1 490	-809	-681
Interest and dividend income from trading portfolios	-	-	-
Interest and dividend income from financial investments	-10	-16	6
Interest expense	1 620	693	927
<b>Gross result from interest operations</b>	<b>120</b>	<b>-132</b>	<b>252</b>
Changes in value adjustments for default risks and losses from interest operations	-	-	-
<b>Net result from interest operations</b>	<b>120</b>	<b>-132</b>	<b>252</b>
<b>Result from commission business and services</b>			
Commission income from securities trading and investment activities	9 870	7 787	2 083
Commission income from other services	15 874	11 950	3 924
Commission expense	-4 904	-3 716	-1 188
<b>Subtotal result from commission business and services</b>	<b>20 840</b>	<b>16 021</b>	<b>4 819</b>
<b>Result from trading activities and the fair value option</b>	<b>2 722</b>	<b>1 818</b>	<b>904</b>
<b>Other result from ordinary activities</b>			
Other ordinary income	2 481	1 347	1 134
Other ordinary expenses	-608	-	-608
<b>Subtotal other result from ordinary activities</b>	<b>1 873</b>	<b>1 347</b>	<b>526</b>

in 1 000 CHF	2021	2020	Changes
<b>Operating expenses</b>			
Personnel expenses	-8 202	-7 396	-806
General and administrative expenses	-11 445	-9 509	-1 936
<b>Subtotal operating expenses</b>	<b>-19 647</b>	<b>-16 905</b>	<b>-2 742</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1 623	-1 531	-92
Changes to provisions and other value adjustments, and losses	-372	137	-509
<b>Operating result</b>	<b>3 913</b>	<b>755</b>	<b>3 158</b>
Extraordinary income	-	-	-
Extraordinary expenses	-	-	-
Taxes	-792	-33	-759
<b>Profit</b>	<b>3 121</b>	<b>722</b>	<b>2 399</b>
<b>Appropriation of profit</b>			
Profit	3 121	722	2 399
Profit carried forward	1 936	1 215	721
<b>Distributable profit</b>	<b>5 057</b>	<b>1 937</b>	<b>3 120</b>
<b>Appropriation of profit</b>			
Allocation to statutory capital reserves	-	-	-
Allocation to statutory retained earnings reserve	-	-	-
Distributions on the share capital	-	-	-
Dividend distributions	-100	-	-100
of which share of distributions from retained earnings	-	-	-
<b>Profit carried forward</b>	<b>4 957</b>	<b>1 937</b>	<b>3 020</b>

## Statement of changes in equity

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings, reserves and profit / loss carried forward	Own shares (negative item)	Profit	Total
<b>Equity at start of current period</b>	<b>12 000</b>	<b>4 549</b>	<b>1 564</b>	-	<b>1 214</b>	-	<b>722</b>	<b>20 049</b>
Appropriation of profit 2020								
– Dividend	-	-	-	-	-	-	-	-
– Net change in profit carried forward	-	-	-	-	723	-	-722	1
Profit	-	-	-	-	-	-	3 121	3 121
<b>Equity at end of current period</b>	<b>12 000</b>	<b>4 549</b>	<b>1 564</b>	-	<b>1 937</b>	-	<b>3 121</b>	<b>23 171</b>



# Notes to the financial statements 2021



## Explanatory notes on business activities

### Business activities

InCore Bank Ltd acts as a provider of comprehensive banking services for other financial intermediaries. The bank is able to provide the entire infrastructure that is needed for carrying out banking operations. This includes execution and settlement of trading and other banking transactions, securities custody including account and custodian account management, as well as operation of the corresponding systems. The bank also provides digital asset banking, cryptocurrency services and security token services. InCore Bank Ltd is a member of the SIX Swiss Exchange. Access to other trading venues is ensured through electronic communication networks.

The services are provided through the head office in Schlieren / Zurich, Switzerland.

The majority of the bank's revenue (82%) comes from commission business and services. The result from trading activities contributes 11% to ordinary income, while other ordinary income contributes 7%.

### Business segments

The main activities in the individual business segments are as follows:

- Execution and settlement of banking transactions (outsourcing service for other financial service providers) and operation of the technical and operational infrastructure and the corresponding applications. The bank provides its services to financial intermediaries based in Switzerland and the Principality of Liechtenstein.
- Transaction banking, i.e. global custody and global execution, including brokerage of securities, foreign currencies, precious metals and derivative financial instruments, as well as brokerage and custody of digi-

tal assets. In addition, payment services are provided to regulated financial intermediaries. Tokenized assets have recently been added to the service portfolio.

The bank provides its services primarily in Switzerland and Europe. As a broker and correspondent, it also maintains relationships with counterparties in Switzerland and abroad.

### Commission business and services

Commission business and services mainly comprises brokerage and insourcing fees. These services are used solely by other regulated financial service providers. Since the reporting year, substantial income has also been generated from payment services and from the brokerage and custody of digital assets.

### Trading activities

Trading is limited to foreign exchange and precious metals. In this area, own positions are held to support automated settlement for outsourcing services and for the purpose of holding foreign currency reserves of financial intermediaries and converting them into Swiss francs.

### Risk assessment

The Board of Directors and the Executive Board regularly address the material risks that the bank is exposed to. Since the bank only trades foreign exchange/precious metals on a small scale, these risks are primarily credit risks, operational risks and liquidity risks. The risk mitigation measures, the internal controls and the reporting system are all incorporated into the risk assessment. In addition, there is a strong emphasis on ensuring that the impact of these material risks on the annual financial statements is continuously monitored and assessed.

### **Risk management**

Identifying, assessing, measuring, monitoring and managing risks associated with the banking business is of key importance to the bank. The core elements of risk management are: the risk policy, a comprehensive risk management and control concept, ensuring comprehensive reporting on all risks, and defining various risk limits including corresponding monitoring and reporting.

The risk management process periodically assesses all individual risks and, if necessary, adjusts the implemented measures. The internal control system is the main tool used for identifying and assessing risks. All risks that the bank is exposed to are recorded and evaluated in this ICS. The internal reporting system ensures appropriate and comprehensive reporting at different levels.

Both the Executive Board and the Risk Committee of the Board of Directors are regularly updated on the current risk situation in the form of a detailed monthly risk report.

### **Credit risks**

The bank does not engage in any lending activities. All of the amounts due to/from banks and customers that are disclosed in the balance sheet relate to relationships with other financial service providers that are used to settle trading transactions. To minimize counterparty risk, separate limits are defined which take into account the country, market and credit risks of the counterparties.

### **Market risks**

Market risks for foreign exchange and precious metals are limited by means of a clearly defined limit system. The bank uses current market values for valuations.

### **Liquidity risks**

Liquidity risks are monitored continuously. The bank has a high level of liquidity.

### **Operational risks**

The bank has internal regulations and policies and an appropriate control system for limiting and monitoring operational risks.

### **Default risks**

Default risks mainly take the form of sight deposits as well as open derivative positions with other financial institutions. Default risks are determined daily for all counterparties on the basis of market values. Limits are also monitored daily.

### **Valuation of collateral**

In addition, the required security (collateral for derivatives transactions) for customer banks is determined daily, and corresponding collateral is requested immediately. The requested collateral consists of sight deposits and securities valued at current prices.

### **Business policy regarding the use of derivatives and hedge accounting**

To manage larger foreign currency holdings of the customer banks, forward forex transactions are concluded on the bank's own account. At present, no further positions in derivative financial instruments are held on own account. The bank does not currently use hedge accounting.

### **IT systems and business outsourcing**

The bank has outsourced its finance function to Equilas Ltd, Berne. This outsourcing is comprehensively governed

in a contract in accordance with the regulations of the Swiss Financial Market Supervisory Authority. All employees of the service provider are subjected to banking secrecy, whereby the requirements for protecting customer data are fulfilled.

The standard Finnova banking software is used as the main information system. This system is operated by SOBACO Solutions Ltd, Schlieren. Detailed contractual provisions exist for this outsourcing. InCore Bank Ltd also uses various peripheral applications in conjunction with Finnova.

Customer documentation is printed and distributed by Maerki Baumann & Co. Ltd, Zurich.

Crypto Finance (Infrastructure Services) Ltd provides, maintains and develops infrastructure facilities for the encrypted storage and authorization of digital asset private keys.

Direct market access to the SIX Swiss Exchange and to national and international brokers makes it possible for securities transactions to be carried out fully electronically. The interbank applications of SIC, SIX SIS and SWIFT are used to clear and settle transactions. In addition, market information products provided by Bloomberg and SIX Financial Services are integrated into the bank's network. All essential system components within the network have a redundant configuration.

The bank's data centers are located at SOBACO Solutions Ltd, Schlieren, at two sites in Zurich.

## **Employees**

As at the end of the year, the bank had 47.15 employees (FTE-based, previous year: 41.95). Average number of employees in 2021: 44.45 (previous year: 39.35).

## Accounting and valuation principles

### Principles

The reporting, accounting and valuation principles are based on the Swiss Code of Obligations, the Swiss accounting standards for banks as laid out in the Banking Act, its Ordinance and the implementing provisions of FINMA, and on the statutory provisions.

### General principles

InCore Bank Ltd prepares true and fair view statutory single-entity financial statements. These present the bank's financial situation in a way that makes it possible for third parties to form a reliable opinion.

Assets, liabilities and off-balance-sheet transactions are valued separately. Accounts are kept and financial reports filed in the local currency (Swiss francs).

### Consolidation

InCore Bank Ltd does not have any participations to be consolidated. Since January 12, 2017, InCore Bank Ltd has been fully consolidated within SOBACO Holding Ltd, Schlieren.

### Recognition and accounting

We recognize all business transactions in the bank's books on the trade date and use them to determine the result as of that date. Spot transactions concluded but not yet settled are recognized applying the trade date accounting principle. Completed forward transactions are disclosed as off-balance-sheet transactions until the settlement date. After the settlement date, transactions are disclosed in the balance sheet.

### Foreign currency translation

Balance sheet items denominated in a foreign currency are converted at the rate prevailing at the time of the transac-

tion (record date). Transactions in foreign currencies are translated at the exchange rate that applies on the date of the transaction. The effect of foreign currency adjustments is recorded in the income statement under «Result from trading activities and the fair value option».

For foreign currency translation as at the balance sheet date, the following exchange rates were used:

Currency	2021	2020
USD	0.9126	0.8823
EUR	1.0364	1.0804
GBP	1.2343	1.2042

### Liquid assets

Liquid assets are recognized at nominal value.

### Amounts due from/to banks

Amounts due from banks are recognized at nominal value less any necessary value adjustments for default risks. Amounts due to banks are recognized at nominal value.

Amounts due/from in respect of precious metal account deposits are valued at fair value based on the prices quoted on the balance sheet date.

### Amounts due from customers and amounts due in respect of customer deposits

Amounts due from customers are recognized at nominal value less any necessary value adjustments for default risks. Amounts due in respect of customer deposits are recognized at nominal value.

### Value adjustments for default risks

Value adjustments for default risks are created for all identifiable default risks in accordance with the principle of prudence. An impairment is applicable where the

expected recoverable amount (including collateral) is lower than the book value of the receivable. Value adjustments for default risks are deducted directly from the corresponding asset items.

Receivables are impaired if the debtor is unlikely to be able to meet the corresponding payment obligations. Impaired receivables and any collateral have to be valued at the liquidation value, and the value must be adjusted taking the debtor's creditworthiness into account. Items are valued individually and the impairment is covered by individual value adjustments.

Latent default risks are determined using empirical data. The amount of the value adjustments is established using a systematic approach and the impairment is also covered by individual value adjustments.

If a receivable is deemed to be fully or partially unrecoverable or if a debt waiver is granted, it is written off and charged against the corresponding value adjustment.

### **Trading activities**

Trading means entering into actively managed positions in order to profit from fluctuations in the market price. The classification in the trading portfolio is established and documented accordingly when the transaction is concluded.

Trading positions are generally valued at fair value. The fair value is always determined using a price set on a price-efficient and liquid market.

If, in exceptional cases, no fair value is ascertainable, the valuation and recognition follow the principle of the lower of cost or market value.

Price gains or losses from the sale or valuation are recognized under «Result from trading activities and the fair value option». Interest and dividend income from trading portfolios is recognized under «Interest and dividend income». The refinancing of trading positions is not offset against interest operations. The result from primary market trading activities relating to securities issuing operations is recognized in the item «Result from trading activities and the fair value option».

### **Positive and negative replacement values of derivative financial instruments (derivatives)**

All derivative financial instruments are measured at fair value. The valuation result from trading activities is recognized in the income statement under «Result from trading activities and the fair value option». The valuation result from hedging instruments is reported in the compensation account, unless a change in book value has been recorded in the hedged item. If a change in book value has been recorded in the hedged item, the change in book value of the hedging transaction has to be reported via the same income statement item. In the case of macro hedges relating to interest operations, the balance may be reported either in the item «Interest and discount income» or under «Interest expense».

The result from the derivatives used for balance sheet structure management to manage interest rate risks is determined using the accrual method. The interest component is recognized by applying the compound interest method over the term to maturity. The past-due interest on the hedging position is shown in the compensation account under «Other assets» or «Other liabilities».

In the event of the premature sale of an interest hedging transaction that has already been recognized in the income statement using the accrual method, the realized gains and



losses that correspond to the interest component are not recognized immediately, but are instead accrued over the remaining term to maturity.

If the hedging relationship for a hedging transaction is no longer effective, or only partially, then the transaction is treated as a trading transaction in proportion to the ineffective part.

#### **Financial investments**

Debt securities intended to be held to maturity are valued and recognized at acquisition value, and the premium/discount (interest component) is accrued over the term (accrual method). Default-risk-related changes in book value are recognized immediately by means of a charge to the item «Changes in value adjustments for default risks and losses from interest operations». If debt securities are sold or repaid prior to maturity, the realized gains and losses that correspond to the interest component are not recognized immediately, but are instead accrued over the remaining term to maturity.

Debt securities not intended to be held until maturity (available for sale) are valued at the lower of cost or market value.

Equity securities are valued at the lower of cost or market value. In the case of financial investments valued at the lower of cost or market value, an upwards revaluation to (max.) the historical or amortized cost is recognized where the fair value falls below the acquisition cost and then recovers. The balance of the changes in book value is recognized under «Other ordinary expenses» or «Other ordinary income».

In the case of the disposal of financial assets valued at the lower of cost or market value, the entire realized result is recognized under «Result from the disposal of financial investments».

#### **Participations**

The term «participations» covers equity securities held by the bank in companies of an infrastructure nature, as well as securities held with the intention of a permanent investment, irrespective of the percentage of voting shares held. Participations are valued individually. The legal maximum limit is the acquisition value less economically necessary value adjustments.

Impairment testing is carried out on every balance sheet date. Any additional impairments have to be charged to the income statement under «Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets». The partial or full reversal of impairment is recorded in the item «Extraordinary income».

#### **Tangible fixed assets**

Tangible fixed assets are valued individually. Tangible fixed assets are recognized at acquisition cost and depreciated over their prudently estimated useful life. Impairment testing is carried out annually. If the impairment test establishes that there has been a change in the asset's useful life or an impairment, non-scheduled depreciation is applied and the residual value is depreciated over the remaining useful life.

The asset is subjected to scheduled depreciation on a straight line basis over its estimated useful life. The estimated useful life for each asset category is as follows:

Category	Useful life
Costs for central banking system	maximum 10 years
Other software, IT and communication equipment	maximum 3 years
Movables (renovation) / hardware	maximum 5 years
Other tangible fixed assets	maximum 10 years

Realized gains from the disposal of tangible fixed assets are recognized under «Extraordinary income», and realized losses are recognized under «Extraordinary expenses».

#### **Treatment of past-due interest**

Interest and commission are past due if payment is more than 90 days overdue. After that point, any interest and commission accruing may no longer be credited to the income statement until the outstanding amounts have been settled. The receivables arising from interest and commission accrued up to the end of the 90 day period are written off via the item «Changes in value adjustments for default risks and losses from interest operations».

#### **Provisions**

A provision represents a probable obligation based on a past event, the amount and/or due date of which is uncertain but can be reliably estimated.

The amount of the provision is determined on the basis of an analysis of the past event concerned and of events occurring after the balance sheet date, if such analysis contributes to further clarifying the situation. The amount has to be estimated in accordance with the economic risk posed, which is taken into account as objectively as pos-

sible. Where the time factor has a material impact, the amount of the provision must be discounted. The amount of the provision has to correspond to the expected future cash outflows. It must take account of the likelihood and reliability of these outgoing cash flows.

The sub-item «Other provisions» may contain hidden reserves.

#### **Pension benefit obligations**

The bank operates a contribution-based pension scheme for its employees in the form of a full insurance solution. A legally independent employer fund also exists to cushion financial hardship among employees and retired employees. Employer contributions are disclosed under «Personnel expenses». The full insurance solution does not give rise to any further benefits or obligations for the bank.

#### **Taxes**

The current income taxes and capital taxes payable on the respective result of the period and the defining capital are calculated in accordance with the applicable tax reporting regulations. Liabilities from current income taxes and capital taxes have to be disclosed in the item «Accrued expenses and deferred income».

Deferred income taxes are not determined and recorded.

#### **Off-balance-sheet transactions**

Off-balance-sheet transactions are recognized at nominal value. For identifiable default risks, provisions are created as liabilities on the balance sheet.

#### **Changes to the accounting and valuation principles**

None.

**Material events occurring after the balance sheet date**

There have been no material changes after the balance sheet date that significantly affect the bank's assets, liabilities, financial position or results of operations as at December 31, 2021.



## Details on the balance sheet

### Overview of the coverage of receivables and off-balance sheet transactions as well as the impaired receivables

in 1 000 CHF		Type of collateral			
		Secured by mortgage	Other	Unsecured	Total
<b>Loans (before netting with value adjustments)</b>					
Amounts due from customers		-	-	2 975	2 975
<b>Total loans (before netting with value adjustments)</b>	<b>2021</b>	-	-	<b>2 975</b>	<b>2 975</b>
	2020	-	-	4 730	4 730
<b>Total value adjustments offset against loans value adjustments</b>					
	<b>2021</b>	-	-	-	-
	2020	-	-	-	-
<b>Total loans (after netting with value adjustments)</b>	<b>2021</b>	-	-	<b>2 975</b>	<b>2 975</b>
	2020	-	-	4 730	4 730
<b>Off-balance-sheet</b>					
Contingent liabilities		-	-	-	-
Irrevocable commitments		-	-	4	4
<b>Total off-balance-sheet</b>	<b>2021</b>	-	-	<b>4</b>	<b>4</b>
	2020	-	-	2	2
<b>Impaired loans / receivables</b>					
	<b>2021</b>	-	-	-	-
	2020	-	-	-	-

  

in 1 000 CHF		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
<b>Impaired loans / receivables</b>	<b>2021</b>	-	-	-	-
	2020	-	-	-	-



Presentation of derivative financial instruments (assets and liabilities)

in 1 000 CHF		Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
<b>Interest rate instruments</b>		-	-	-	-	-	-
<b>Foreign exchange / precious metals</b>		<b>9 025</b>	<b>9 116</b>	<b>1 560 751</b>	-	-	-
Forward contracts		9 013	9 104	1 554 931	-	-	-
Options (OTC)		12	12	5 820	-	-	-
<b>Equity securities / indices</b>		<b>3 418</b>	<b>3 418</b>	<b>406 479</b>	-	-	-
Futures		-	-	12 561	-	-	-
Options (exchange-traded)		3 418	3 418	393 918	-	-	-
<b>Other</b>		<b>6</b>	<b>6</b>	<b>175</b>	-	-	-
Futures		-	-	-	-	-	-
Options (exchange-traded)		6	6	175	-	-	-
<b>Total before netting agreements</b>							
	<b>2021</b>	<b>12 449</b>	<b>12 540</b>	<b>1 967 405</b>	-	-	-
	2020	8 310	7 828	957 786	-	-	-

in 1 000 CHF		Positive replacement values	Negative replacement values	Contract volume
		<b>Total after netting agreements</b>		<b>12 449</b>
		8 310	7 828	957 786

### Breakdown by counterparty

in 1 000 CHF		Central clearing houses	Banks and investment firms	Other
<b>Positive replacement values (after netting agreements)</b>	<b>2021</b>	-	<b>12 166</b>	<b>283</b>

### Financial investments

in 1 000 CHF	2021		2020	
	Book value	Vair value	Book value	Vair value
Debt securities	2 950	2 917	3 073	3 050
of which own bonds and medium-term notes	-	-	-	-
of which, intended to be held to maturity	2 950	-	3 073	3 050
Equity securities	161	337	161	320
of which, qualified participations	-	-	-	-
Crypto assets	4	4	4	4
<b>Total financial investments</b>	<b>3 115</b>	<b>3 258</b>	<b>3 238</b>	<b>3 374</b>
of which, securities eligible for repo transactions in accordance with liquidity requirements	2 042	2 022	3 073	3 050

### Breakdown of counterparties by rating

in 1 000 CHF	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Lower than B3	Without rating
Debt securities: book values	2 950	-	-	-	-	-

InCore Bank Ltd relies on Moody's rating classes.

## Participations

in 1 000 CHF	Other partici- pations	Minority par- ticipations	Total partici- pations
Acquisition cost	-	20	20
Accumulated value adjustments and changes in book value	-	-6	-6
Book value previous year end	-	14	14
Value adjustments	-	-	-
<b>Book value as at end of current year</b>	<b>-</b>	<b>14</b>	<b>14</b>

All participations are without market value.

## Tangible fixed asset

in 1 000 CHF	Central banking system	Proprietary or separately acquired software	Other tangible fixed assets	Total tangible fixed assets
Acquisition cost	18 239	254	391	18 884
Accumulated depreciation	-15 402	-57	-64	-15 523
Book value previous year end	2 837	197	327	3 361
Additions	-	23	275	298
Depreciation	-1 418	-86	-118	-1 623
<b>Book value as at end of current year</b>	<b>1 419</b>	<b>134</b>	<b>484</b>	<b>2 037</b>

## Leasing obligations from operating leases

in 1 000 CHF	2021	2020
Multi-year leases until 2028 at the latest	950	1 100
of which due during the year	-	-

## Other assets and liabilities

in 1 000 CHF	Other assets		Other liabilities	
	2021	2020	2021	2020
Settlement accounts	-	-	-	-
Indirect taxes	191	23	687	444
Other assets and liabilities	82	124	58	-
<b>Total other assets and liabilities</b>	<b>273</b>	<b>147</b>	<b>745</b>	<b>444</b>

## Assets pledged or assigned to secure own obligations and assets subject to reservation of title

in 1 000 CHF	Verpfändete Aktiven		Effektive Verpflichtungen	
	2021	2020	2021	2020
Pledged / assigned assets	-	-	-	-
<b>Financial investments</b>	<b>2 950</b>	-	<b>3 073</b>	-

## Details of the pension scheme

in 1 000 CHF	Overfunding / under- funding	Economic interest of the bank	Change recognised in profit or loss	Pension expenses	Pension expenses
	31.12.2021	2021 / 2020	2021	2021	2020
Economic benefit*	-	-	-	785	782
<b>Total</b>	-	-	-	<b>785</b>	<b>782</b>

\*Pension plans without overfunding / underfunding

There ist no employer reserve.

### Value adjustments and provisions, reserves for general banking risks

in 1 000 CHF	Balance at previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Other provisions	-	-	-	-	-	213	-	213
<b>Total provisions</b>	-	-	-	-	-	<b>213</b>	-	<b>213</b>
Reserves for general banking risks	-	-	-	-	-	-	-	-
Value adjustments for default and country risks	-	-	-	-	-	-	-	-

### Banks's capital

in 1 000 CHF	2021			2020		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital	12 000	12 000	12 000	12 000	12 000	12 000
<b>Total bank's capital</b>	<b>12 000</b>	<b>12 000</b>	<b>12 000</b>	<b>12 000</b>	<b>12 000</b>	<b>12 000</b>

### Non-distributable reserves

in 1 000 CHF	2021	2020
Non-distributable statutory capital reserve	4 549	4 549
Non-distributable statutory retained earnings	1 451	1 451
<b>Total non-distributable reserves</b>	<b>6 000</b>	<b>6 000</b>

### Holders of significant participations and groups of holders of participations with pooled voting rights

in 1 000 CHF	2021		2020	
	Nominal	% of equity	Nominal	% of equity
with voting rights: Maerki Baumann Holding Ltd, Zurich <sup>1)</sup>	5 880	49%	5 880	49%
with voting rights: SOBACO Holding Ltd, Schlieren <sup>3)</sup>	6 120	51%	6 120	51%

<sup>1)</sup> Owned by Dr. Carole Schmied-Syz, Erlenbach (21.8%) and Hans G. Syz-Witmer, Küsnacht (21.8%), CHSZ Holding Ltd, Zurich (51.3%)<sup>2)</sup>, third-party shareholders (5.1%)

<sup>2)</sup> Owned by Dr. Carole Schmied-Syz, Erlenbach (50%) and Hans G. Syz-Witmer, Küsnacht (50%)

<sup>3)</sup> Owned by Peter R. Haist, Stetten (80%), Rhincodon Corporation Ltd, Zug (10%)<sup>4)</sup>, Ramus Corporation Ltd, Zug (10%)<sup>5)</sup>

<sup>4)</sup> Owned by Amedeo C. Vaccani, Meilen (100%)

<sup>5)</sup> Owned by Andres Zweig, Erlenbach (100%)

### Disclosure of amounts due from / to related parties

in 1 000 CHF	2021		2020	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Holders of qualified participations	-	-	-	-
Group companies	32	102	-	152
Other related parties	101	27 345	14 272	8 195

### Explanations regarding conditions

The Bank confirms that all transactions with related parties have been conducted at arm's length.



## Maturity structure of current assets, financial assets and liabilities

		Due						Total
in 1 000 CHF		At sight	Cancel- lable	Within 3 months	Within 3 to 12 months	With- in 12 months to 5 years	After 5 years	No maturity
<b>Assets / financial instruments</b>								
Liquid assets	238 605	-	-	-	-	-	-	238 605
Amounts due from banks	70 234	-	-	-	-	-	-	70 234
Amounts due from customers	2 975	-	-	-	-	-	-	2 975
Positive replacement values of derivative financial instruments	12 449	-	-	-	-	-	-	12 449
Financial investments	164	-	-	-	2 951	-	-	3 115
<b>Total</b>	<b>2021</b>	<b>324 427</b>	-	-	-	<b>2 951</b>	-	<b>327 378</b>
	2020	226 928	-	-	1 013	2 060	-	230 001
<b>Debt capital / financial instruments</b>								
Amounts due to banks	166 068	-	-	-	-	-	-	166 068
Amounts due in respect of customer deposits	126 918	-	-	-	-	-	-	126 918
Negative replacement values of derivative financial instruments	12 540	-	-	-	-	-	-	12 540
<b>Total</b>	<b>2021</b>	<b>305 526</b>	-	-	-	-	-	<b>305 526</b>
	2020	213 658	-	-	-	-	-	213 658

## Balance sheet by domestic and foreign countries

in 1 000 CHF	2021		2020	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	238 605	-	142 461	-
Amounts due from banks	56 849	13 385	59 322	11 940
Amounts due from customers	2 282	693	4 730	-
Positive replacement values of derivative financial instruments	12 449	-	8 310	-
Financial investments	2 203	912	3 238	-
Accrued income and prepaid expenses	2 406	-	2 615	-
Participations	-	14	-	14
Tangible fixed assets	2 037	-	3 361	-
Other assets	273	-	147	-
<b>Total assets</b>	<b>317 104</b>	<b>15 004</b>	<b>224 184</b>	<b>11 954</b>
<b>Liabilities</b>				
Amounts due to banks	96 569	69 499	95 795	72 772
Amounts due in respect of customer deposits	1 521	125 397	87	37 176
Negative replacement values of derivative financial instruments	12 249	291	7 786	42
Accrued expenses and deferred income	2 454	-	1 986	-
Other liabilities	745	-	444	-
Provisions	213	-	-	-
Bank's capital	12 000	-	12 000	-
Statutory capital reserve	4 549	-	4 549	-
Statutory retained earnings reserve	1 564	-	1 564	-
Profit carried forward	1 936	-	1 215	-
Profit	3 121	-	722	-
<b>Total liabilities</b>	<b>136 921</b>	<b>195 187</b>	<b>126 148</b>	<b>109 990</b>

### Assets by country or group of countries (domicile principle)

in 1 000 CHF	2021		2020	
	Absolute	Share as %	Absolute	Share as %
OECD countries	14 642	4.4%	11 007	4.7%
other countries	362	0.1%	947	0.4%
<b>Total foreign receivables</b>	<b>15 004</b>	<b>4.5%</b>	<b>11 954</b>	<b>5.1%</b>
Switzerland	317 104	95.5%	224 184	94.9%
<b>Total assets</b>	<b>332 108</b>	<b>100.0%</b>	<b>236 138</b>	<b>100.0%</b>

### Breakdown of total assets by credit rating of country groups (risk domicile view)

in 1 000 CHF	Bank's own country rating	Moody's	2021		2020	
			Net foreign exposure		Net foreign exposure	
			in CHF	Share as %	in CHF	Share as %
		Aaa – AA3	14 562	97.0%	10 976	91.8%
		Ba1 – Ba3	89	0.6%	44	0.4%
		Caa1 – C	87	0.6%	375	3.1%
		no Rating	266	1.8%	559	4.7%
<b>Total</b>			<b>15 004</b>	<b>100.0%</b>	<b>11 954</b>	<b>100.0%</b>

**Assets and liabilities broken down by the most significant currencies for the bank**

in 1 000 CHF	CHF	EUR	USD	GBP	other
<b>Assets</b>					
Liquid assets	238 605	-	-	-	-
Amounts due from banks	21 133	27 099	13 634	1 573	6 795
Amounts due from customers	842	774	565	14	780
Positive replacement values of derivative financial instruments	10 579	1 003	859	-	8
Financial investments	2 207	-	908	-	-
Accrued income and prepaid expenses	2 406	-	-	-	-
Participations	-	14	-	-	-
Tangible fixed assets	2 037	-	-	-	-
Other assets	273	-	-	-	-
<b>Total assets shown in balance sheet</b>	<b>278 082</b>	<b>28 890</b>	<b>15 966</b>	<b>1 587</b>	<b>7 583</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	592 959	331 751	458 603	78 634	99 573
<b>Total assets</b>	<b>871 041</b>	<b>360 641</b>	<b>474 569</b>	<b>80 221</b>	<b>107 156</b>

in 1 000 CHF	CHF	EUR	USD	GBP	other
<b>Liabilities</b>					
Amounts due to banks	17 342	77 368	30 435	8 301	32 622
Amounts due in respect of customer deposits	10 304	67 548	11	3 467	45 588
Negative replacement values of derivative financial instruments	10 670	1 003	859	-	8
Accrued expenses and deferred income	2 454	-	-	-	-
Other liabilities	742	3	-	-	-
Provisions	213	-	-	-	-
Bank's capital	12 000	-	-	-	-
Statutory capital reserve	4 549	-	-	-	-
Statutory retained earnings reserve	1 564	-	-	-	-
Profit carried forward	1 936	-	-	-	-
Profit	3 121	-	-	-	-
<b>Total liabilities shown in the balance sheet</b>	<b>64 895</b>	<b>145 922</b>	<b>31 305</b>	<b>11 768</b>	<b>78 218</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	805 960	214 371	443 114	68 452	28 926
<b>Total liabilities</b>	<b>870 855</b>	<b>360 293</b>	<b>474 419</b>	<b>80 220</b>	<b>107 144</b>
<b>Net position per currency</b>	<b>186</b>	<b>348</b>	<b>150</b>	<b>1</b>	<b>12</b>

## Details on the off-balance sheet

### Managed assets

CHF Mio.	2021	2020
<b>Type of managed assets</b>		
Assets in collective investment schemes managed by the bank	-	-
Assets under discretionary asset management agreements	-	-
Other managed assets	-	-
<b>Total managed assets</b>	-	-
of which, double counting	-	-
Custody account management for financial intermediaries	10 508	8 293

The Bank does not conduct any client business of its own. The assets shown are exclusively assets of clients of other financial institutions and market participants that have been handed over to the Bank for safekeeping purposes. These custody assets also include cryptocurrencies.

## Details on the income statement

### Refinancing income in interest and discount income as well as from significant negative interest rates

No refinancing costs for the trading business are credited to interest and discount income.

### Negative interest

in 1 000 CHF	2021	2020	Changes
Negative interest on the lending business (reduction of Interest and discount income)	1 593	917	676
Negative interest on the borrowing business (reduction in interest expense)	1 713	768	945



## Result from trading activities

in 1 000 CHF	2021	2020	Changes
Foreign exchange and notes and coins business	2 023	1 436	587
Precious metals business	646	380	266
Securities trading	53	2	51
<b>Total result from trading activities</b>	<b>2 722</b>	<b>1 818</b>	<b>904</b>

## Personnel expenses

in 1 000 CHF	2021	2020	Changes
Salaries	6 887	6 092	795
Social insurance benefits	1 289	1 272	17
Other personnel expenses	26	32	-6
<b>Total personnel expenses</b>	<b>8 202</b>	<b>7 396</b>	<b>806</b>

## General and administrative expenses

in 1 000 CHF	2021	2020	Changes
Office space expenses	291	301	-10
Expenses for information and communications technology	7 883	6 800	1 083
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	5	7	-2
Fees of audit firm(s) (Art. 961a no. 2 CO)	219	168	75
of which, for financial and regulatory audits	163	124	101
of which, for other services	56	44	-26
Other operating expenses	3 047	2 233	790
<b>Total general and administrative expenses</b>	<b>11 445</b>	<b>9 509</b>	<b>1 936</b>

### Presentation of current taxes, deferred taxes, and disclosure of tax rate

in 1 000 CHF	2021	2020
Expenses for current taxes	792	33
<b>Total taxes</b>	<b>792</b>	<b>33</b>
Average tax rate weighted on the basis of the operating result	20.24%	-

Due to the tax loss carried forward, profit tax has been due again since the reporting year. No profit tax had to be paid in the previous year.

### Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

#### Material losses

In the financial year, a larger settlement loss (TCHF 162) resulted due to incorrect handling.

#### Value adjustments and provisions released

In the financial year, provisions were made for expected costs in connection with an old legal case (TCHF 183).

#### Significant release of hidden reserves

No hidden reserves were released during the financial year.



# Report of the statutory auditors

# Report of the statutory auditor

## to the General Meeting of Incore Bank AG, Schlieren

### Report on the financial statements

As statutory auditor, we have audited the financial statements of Incore Bank AG, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 30 to 58), for the year ended 31 December 2021.

#### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the articles of incorporation.

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## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Romer  
Audit expert  
Auditor in charge



Adrian Oehri  
Audit expert

Zürich, 15 March 2022







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